

J7HVTRAP

1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK  
3 -----x

4 UNITED STATES OF AMERICA,

5 v.

18 CR 340 (LGS)

6 RAYMOND TRAPANI,

7 Defendant.

PLEA

8 -----x  
9 New York, N.Y.  
10 July 17, 2019  
11 10:40 a.m.

12 Before:

13 HON. KEVIN N. FOX,

14 Magistrate Judge

15 APPEARANCES

16 GEOFFREY S. BERMAN,  
17 United States Attorney for the  
18 Southern District of New York  
19 SAMSON A. ENZER  
20 Assistant United States Attorney

21 JOSEPH A. BONDY  
22 STEPHANIE R. SCHUMAN  
23 Attorneys for Defendant

24 ALSO PRESENT: BRANDON RACZ, FBI

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1 (Case called)

2 MR. ENZER: Good morning, your Honor.

3 Samson Enzer, for the government.

4 With me at counsel table is Special Agent Brandon Racz  
5 from the FBI.

6 THE COURT: Good morning.

7 MR. BONDY: Good morning, your Honor.

8 On behalf of Raymond Trapani, I am Joseph Bondy. And  
9 I am accompanied today by co-counsel.

10 MS. SCHUMAN: Good morning, your Honor.

11 Stephanie Schuman.

12 THE COURT: Good morning.

13 Is there an application on behalf of the defendant?

14 MR. BONDY: Yes, your Honor.

15 We'd like to withdraw our previously entered plea of  
16 not guilty, and enter a plea of guilty to the superseding  
17 information, the agreement before the Court.

18 THE COURT: Very well.

19 I have before me superseding information S1 18 CR 340,  
20 a multi-count information, ten counts in the information.

21 The information charges a violation of Title 18,  
22 United States Code, Section 371, which makes it an offense for  
23 a person to conspire with others to violate the laws of the  
24 United States. It also charges a violation, among others, 15  
25 U.S.C., Section 78j(b) and 78ff, make it an offense to commit

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1 securities fraud; 18 U.S.C., Section 1343, making it an offense  
2 to commit wire fraud; 18 U.S.C., Section 1512(c), making it an  
3 offense to obstruct justice; 18 U.S.C., Section 1349, which  
4 makes it an offense to conspire to commit a multiplicity of  
5 frauds. In this case, the fraud that is the focus of that  
6 conspiracy is the wire fraud. 18 U.S.C., Section 922(g)(1),  
7 which makes it an offense for a person who has previously been  
8 convicted of an offense, the penalty for which is in excess of  
9 a year, to possess ammunition or a firearm in or affecting  
10 commerce; 21 U.S.C., Section 846, which makes it an offense for  
11 a person to conspire with others to violate the laws of the  
12 United States respecting controlled substances.

13 You have a right to have this morning's proceeding  
14 proceeded over by a district judge. You may, if you wish,  
15 consent to have a magistrate judge preside at this morning's  
16 proceeding. In that connection, I have before me a document  
17 which is labeled "Consent to Proceed Before a United States  
18 Magistrate Judge on a Felony Plea Allocution."

19 Mr. Quintero, will you swear the defendant.

20 (Defendant sworn)

21 THE DEPUTY CLERK: Have you signed this waiver of  
22 indictment?

23 THE DEFENDANT: Yes, sir.

24 THE DEPUTY CLERK: Before you signed it, did you  
25 discuss it with your attorney?

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1                   THE DEFENDANT: Yes.

2                   THE DEPUTY CLERK: Did your attorney explain it to  
3 you?

4                   THE DEFENDANT: Yes.

5                   THE DEPUTY CLERK: Do you understand what you are  
6 doing?

7                   THE DEFENDANT: Yes.

8                   THE DEPUTY CLERK: Do you understand that you are  
9 under no obligation to waive indictment?

10                  THE DEFENDANT: Yes.

11                  THE DEPUTY CLERK: Do you understand that if you do  
12 not waive indictment, if the government wants to prosecute you,  
13 they will have to present this case to a grand jury, which may  
14 or may not indict you?

15                  THE DEFENDANT: Yes.

16                  THE DEPUTY CLERK: Do you understand that by signing  
17 this waiver of indictment, you have given up your right to have  
18 this case presented to a grand jury?

19                  THE DEFENDANT: Yes.

20                  THE DEPUTY CLERK: Do you understand what a grand jury  
21 is?

22                  THE DEFENDANT: Yes.

23                  THE DEPUTY CLERK: Have you seen a copy of the  
24 information?

25                  THE DEFENDANT: Yes.

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1                   THE DEPUTY CLERK: Do you waive its public reading?

2                   THE DEFENDANT: Yes.

3                   THE DEPUTY CLERK: Thank you.

4                   THE COURT: I want to show you the consent form about  
5 which I was speaking earlier. Do you recognize the document?  
6 Remain seated. Pull the microphone close to you please.

7                   THE DEFENDANT: Yes, your Honor.

8                   THE COURT: Did you have an opportunity to review the  
9 document with your attorney?

10                  THE DEFENDANT: Yes, your Honor.

11                  THE COURT: Is there anything contained in the consent  
12 form that you do not understand?

13                  THE DEFENDANT: No, your Honor.

14                  THE COURT: Do you acknowledge that the consent form  
15 explains in greater detail what I mentioned to you a moment  
16 ago, about your right to have this proceeding presided over by  
17 a district judge and, further, that by signing the document,  
18 you are agreeing that a magistrate judge will preside over this  
19 morning's proceeding?

20                  THE DEFENDANT: Yes, your Honor.

21                  THE COURT: Is your true signature on the consent  
22 form?

23                  THE DEFENDANT: Yes, your Honor.

24                  THE COURT: Did anyone force you to sign the document,  
25 sir?

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1                   THE DEFENDANT: No, your Honor.

2                   THE COURT: Let me turn my attention to your counsel.

3                   Is your signature also on the consent form?

4                   MR. BONDY: Yes, your Honor, it is.

5                   THE COURT: Very well.

6                   I shall sign the document and we shall continue.

7                   Mr. Trapani, would you state your full name please.

8                   THE DEFENDANT: Raymond William Trapani.

9                   THE COURT: In the last 24 hours, have you consumed  
10 any medicine, alcohol, or drugs that would affect your ability  
11 to understand what you are doing here today?

12                  THE DEFENDANT: No, your Honor.

13                  THE COURT: Are you under the care of a physician or  
14 psychiatrist for any condition?

15                  THE DEFENDANT: Any condition? I take sleeping  
16 medicine from a doctor. I take sleeping medicine from a  
17 doctor, which is Seroquel. And I also get Gabapentin from a  
18 doctor for anxiety and -- basically for anxiety.

19                  THE COURT: Is there anything about either the  
20 treatment you are receiving or the medications that you are  
21 taking that affects your ability to understand what you are  
22 doing here today?

23                  THE DEFENDANT: No, your Honor.

24                  THE COURT: Have you ever been treated for alcoholism  
25 or drug addiction?

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1                   THE DEFENDANT: Yes, your Honor.

2                   THE COURT: Which?

3                   THE DEFENDANT: Drug addiction.

4                   THE COURT: When was the last time that you received  
5 treatment for that, or approximately when?

6                   THE DEFENDANT: After I was arrested, I was in a  
7 rehab. I was sent to rehab after I got out of jail for 30  
8 days, and then I was in a outpatient rehab up until about, I  
9 would say, a month ago I completed it.

10                  THE COURT: Is there anything about the treatment that  
11 you received, either inpatient or outpatient, that affects your  
12 ability to understand what you are doing here today?

13                  THE DEFENDANT: No, your Honor.

14                  THE COURT: Do you feel all right today?

15                  THE DEFENDANT: Yes, your Honor.

16                  THE COURT: What is the extent of your education, sir?

17                  THE DEFENDANT: I've got my GED.

18                  THE COURT: Have you received a copy of Information S1  
19 18 CR 340?

20                  THE DEFENDANT: Yes, your Honor.

21                  THE COURT: Would you like to have the information  
22 read to you now in open court?

23                  THE DEFENDANT: No, your Honor.

24                  THE COURT: Do you understand what is charged against  
25 you through the information?

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1                   THE DEFENDANT: Yes, your Honor.

2                   THE COURT: Have you had sufficient opportunity to  
3 speak with your attorney about the charges made through the  
4 information and how you wish to plead to them?

5                   THE DEFENDANT: Yes.

6                   THE COURT: Are you satisfied with the assistance that  
7 your attorneys rendered to you in connection with this matter?

8                   THE DEFENDANT: Can you repeat that please?

9                   THE COURT: Are you satisfied with the assistance that  
10 your lawyers have rendered to you in connection with this  
11 matter?

12                  THE DEFENDANT: Yes.

13                  THE COURT: Are you ready to plead to information S1  
14 18 CR 340?

15                  THE DEFENDANT: Yes.

16                  THE COURT: What is your plea, sir, guilty or not  
17 guilty?

18                  THE DEFENDANT: Guilty.

19                  THE COURT: By pleading guilty to the offenses that  
20 are outlined in the information, which are felony offenses, if  
21 you are not a United States citizen, your plea of guilty may  
22 affect adversely your ability to remain in the United States,  
23 become a United States citizen, or be admitted into the United  
24 States. Do you understand, sir?

25                  THE DEFENDANT: Yes, your Honor.

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1                   THE COURT: I have to determine whether your plea of  
2 guilty is being made voluntarily, and whether you understand  
3 fully the charges made against you and the possible  
4 consequences of your plea, so I shall be asking you additional  
5 questions.

6                   I want to ensure that you understand the nature of the  
7 charges made against you.

8                   At Count One of the information, it charges, you  
9 violated Title 18, United States Code, Section 371 by  
10 conspiring with others to commit securities fraud. The law  
11 provides as a maximum penalty for the offense set forth at  
12 Count One of the information the following:

13                   A term of imprisonment of five years, a maximum term  
14 of supervised release of three years, a maximum fine pursuant  
15 to Title 18, United States Code, Section 3571, the greatest of  
16 \$250,000, twice the gross pecuniary gain derived from the  
17 offense, or twice the gross pecuniary loss to persons other  
18 than yourself resulting from the offense, and a \$100 mandatory  
19 special assessment.

20                   Sir, do you understand the charge made against you at  
21 Count One of the information?

22                   THE DEFENDANT: Yes.

23                   THE COURT: Do you also understand the range of  
24 penalties, including the maximum sentence, to which you are  
25 potentially exposing yourself by your plea to Count One of the

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1 information?

2 THE DEFENDANT: Yes.

3 THE COURT: If you are sentenced to a term of  
4 supervised release and violate the terms and conditions of that  
5 supervised release such that it is revoked, you expose yourself  
6 to serving in prison all or part of the term of supervised  
7 release authorized by statute for the offense that resulted in  
8 such term of supervised release, without credit for time  
9 previously served on post-release supervision.

10 Do you understand, sir?

11 THE DEFENDANT: Yes, your Honor.

12 THE COURT: Count Two of the information charges that  
13 you violated Title 15, United States Code, Sections 78j(b),  
14 78ff; Title 17, the Code of Federal Regulations, Section  
15 240.10b-5; and Title 18, United States Code, Section 2. Those  
16 offenses deal with fraud in connection with securities.

17 The law provides as a maximum penalty for the offense  
18 set forth at Count Two the following -- before I address that,  
19 let me say that with respect to Title 18, United States Code,  
20 Section 2, that provision of Title 18 makes it an offense for a  
21 person to aid or abet another in the commission of a crime.

22 The law provides as a maximum penalty for the offenses  
23 set forth at Count Two of the information the following:

24 A maximum term of imprisonment of 20 years; a maximum  
25 term of supervised release of three years; a maximum fine

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1 pursuant to Title 15, United States Code, Section 78ff, and  
2 Title 18, United States Code, Section 3571, of the greatest of  
3 \$5 million, twice the gross pecuniary gain derived from the  
4 offense, or twice the gross pecuniary loss to persons other  
5 than yourself resulting from the offense; and a \$100 mandatory  
6 special assessment.

7 With respect to Count Two of the information, if you  
8 are sentenced to a term of supervised release and violate the  
9 terms of the supervised release such that it is revoked, the  
10 same consequences would befall you as I spoke to you about on  
11 Count One, so I won't repeat that to you.

12 With respect to Count Two of the information, do you  
13 understand the nature of the charge being alleged against you  
14 of that count?

15 THE DEFENDANT: Yes, your Honor.

16 THE COURT: Do you also understand the maximum  
17 penalties to which you are potentially exposing yourself by  
18 your plea of guilty to Count Two of the information?

19 THE DEFENDANT: Yes, your Honor.

20 THE COURT: Count Three of the information charges  
21 violation of Title 18, United States Code, Section 1349. As I  
22 indicated to you earlier, Section 1349 of Title 18 makes it an  
23 offense for a person to conspire to commit various frauds that  
24 are recited in a particular chapter of Title 18.

25 With respect to Count Three of the information, it is

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1 alleged that you conspired with others to commit wire fraud.

2 The law provides as a maximum penalty for the offense set forth  
3 at Count Three of the information the following:

4 A maximum sentence of 20 years' imprisonment; a  
5 maximum term of supervised release of three years; a maximum  
6 fine pursuant to Title 18, United States Code, Section 3571,  
7 the greatest of \$250,000, twice the gross pecuniary gain  
8 derived from the offense, or twice the gross pecuniary loss to  
9 persons other than yourself resulting from the offense; and a  
10 \$100 mandatory special assessment.

11 Once again, if you are sentenced to a term of  
12 supervised release and violate the terms such that the period  
13 of supervised release is revoked, the consequences that I  
14 explained to you when I addressed Count One would attend and I  
15 shall not repeat them to you.

16 Sir, do you understand the nature of the charges made  
17 against you at Count Three of the information?

18 THE DEFENDANT: Yes, your Honor.

19 THE COURT: Do you also understand the range of  
20 penalties, including the maximum sentence, to which you're  
21 potentially exposing yourself by your plea to Count Three of  
22 the information?

23 THE DEFENDANT: Yes, your Honor.

24 THE COURT: Count Four of the information charges  
25 violation of Title 18, United States Code, Section 1343, which

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1 makes it an offense for a person to commit wire fraud. Count  
2 Four also contains an allegation that you violated Title 18,  
3 United States Code, Section 2, which I explained earlier makes  
4 it an offense for a person to aid or abet another in the  
5 commission of a crime.

6 The law provides as a maximum penalty for the offense  
7 set forth at Count Four of the information the following:

8 A maximum term of imprisonment of 20 years; a maximum  
9 term of supervised release of three years; a maximum fine  
10 pursuant to Title 18, United States Code, Section 3571, the  
11 greatest of \$250,000, twice the gross pecuniary gain derived  
12 from the offense, or twice the gross pecuniary loss to persons  
13 other than yourself resulting from the offense; and a \$100  
14 mandatory special assessment.

15 If you are sentenced to a term of supervised release  
16 and violate the terms such that supervised release is revoked,  
17 the consequences that I explained to you earlier in addressing  
18 Count One would befall you. I will not repeat them to you.

19 Sir, do you understand the nature of the charge made  
20 against you at Count Four of the information?

21 THE DEFENDANT: Yes, your Honor.

22 THE COURT: Do you understand the range of penalties,  
23 including the maximum sentence, to which you are potentially  
24 exposing yourself by your plea of guilty to Count Four of the  
25 information?

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1                   THE DEFENDANT: Yes, your Honor.

2                   THE COURT: Count Five of the information charges a  
3 violation of Title 18, United States Code, Section 1512(c).  
4 The law provides that a person who obstructs justice violates  
5 that provision of Title 18.

6                   The law provides as a maximum penalty for that offense  
7 the following:

8                   A period of five years' imprisonment -- excuse me. A  
9 period of 20 years' imprisonment is the maximum penalty for  
10 Count Five; a maximum term of supervised release of three  
11 years; a maximum fine pursuant to Title 18, United States Code,  
12 Section 3571, the greatest of \$250,000, twice the gross  
13 pecuniary gain derived from the offense, or twice the gross  
14 pecuniary loss to persons other than yourself resulting from  
15 the offense; and a \$100 mandatory special assessment.

16                  Once again, if you are sentenced to a term of  
17 supervised release and you violate the terms and conditions of  
18 supervised release such that it is revoked, the consequences  
19 that I explained to you in reviewing Count One would attend. I  
20 shall not repeat them to you.

21                  Sir, do you understand the nature of the offense  
22 recited at Count Five of the information?

23                  THE DEFENDANT: Yes, your Honor.

24                  THE COURT: Do you understand the range of penalties,  
25 including the maximum sentence, to which you're potentially

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1 exposing yourself by your plea of guilty to Count Five of the  
2 information?

3 THE DEFENDANT: Yes, your Honor.

4 THE COURT: Count Six of the information charges a  
5 violation of Title 18, United States Code, Section 1349, which  
6 makes it an offense for a person to conspire with others to  
7 commit certain frauds. In this instance, the fraud that is the  
8 subject of Count Six is said to be wire fraud.

9 The law provides as a maximum penalty for the offense  
10 set forth at Count Six of the information the following:

11 A maximum sentence of imprisonment of 20 years; a  
12 maximum term of supervised release of three years; a maximum  
13 fine pursuant to Title 18, United States Code, Section 3571,  
14 the greatest of \$250,000, twice the gross pecuniary gain  
15 derived from the offense, twice the gross pecuniary loss to  
16 persons other than yourself resulting from the offense, and a  
17 \$100 mandatory special assessment.

18 If you are sentenced to a term of supervised release  
19 with respect to Count Six and violate the terms and conditions  
20 of supervised release such that it is revoked, the consequences  
21 that may befall you are those that I explained when addressing  
22 Count One, and I shall not repeat them to you.

23 Sir, do you understand the nature of the charge made  
24 against you at Count Six of the information?

25 THE DEFENDANT: Yes, your Honor.

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1                   THE COURT: Do you understand the range of penalties,  
2 including the maximum sentence, to which you are potentially  
3 exposing yourself by your plea of guilty to Count Six of the  
4 information?

5                   THE DEFENDANT: Yes, your Honor.

6                   THE COURT: Count Seven of the information charges  
7 violation of Title 18, United States Code, Section 1349, which  
8 makes it an offense to conspire with others to violate certain  
9 frauds. In this case the fraud that is the subject of Count  
10 Seven of the information is said to be wire fraud.

11                  The law provides as a maximum penalty for the offense  
12 set forth at Count Seven of the information the following:

13                  A maximum term of imprisonment of 20 years; a maximum  
14 term of supervised release of three years; a maximum fine  
15 pursuant to Title 18, United States Code, Section 3571, the  
16 greatest of \$250,000, twice the gross pecuniary gain derived  
17 from the offense, twice the gross pecuniary loss to persons  
18 other than yourself resulting from the offense, and a \$100  
19 mandatory special assessment.

20                  If you are sentenced to a term of supervised release  
21 with respect to Count Seven and violate the terms and  
22 conditions of supervised release, the consequences that I  
23 mentioned to you when addressing Count One would attend. I  
24 shall not repeat them to you.

25                  Sir, do you understand the nature of the charges made

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1 against you at Count Seven of the information?

2 THE DEFENDANT: Yes, your Honor.

3 THE COURT: Do you understand the range of penalties,  
4 including the maximum sentence, to which you are potentially  
5 exposing yourself by your plea of guilty to Count Seven of the  
6 information?

7 THE DEFENDANT: Yes.

8 THE COURT: Count Eight of the information charges a  
9 violation of Title 18, United States Code, Section 1343, and  
10 Title 18, United States Code, Section 2. Section 1343 of Title  
11 18 makes it an offense for a person to commit wire fraud; and  
12 Section 2 of Title 18 makes it an offense for a person to aid  
13 or abet another in the commission of a crime.

14 The law provides as a maximum penalty for the offense  
15 set forth at Count Eight of the information the following:

16 A maximum sentence of imprisonment of 20 years; a  
17 maximum term of supervised release of three years; a maximum  
18 fine pursuant to Title 18, United States Code, Section 3571 of  
19 the greatest of \$250,000, twice the gross pecuniary gain  
20 derived from the offense, or twice the gross pecuniary loss to  
21 persons other than yourself resulting from the offense, and a  
22 \$100 mandatory special assessment.

23 If you are sentenced to a term of supervised release  
24 with respect to Count Eight of the information and violate the  
25 terms of supervised release such that supervised release is

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1 revoked, the consequences that I mentioned when I addressed  
2 Count One would befall you; I shall not repeat them.

3 Sir, do you understand the nature of the charge made  
4 against you at Count Eight of the information?

5 THE DEFENDANT: Yes, your Honor.

6 THE COURT: Do you understand the range of penalties,  
7 including the maximum sentence, to which you're potentially  
8 exposing yourself by your plea to Count Eight of the  
9 information?

10 THE DEFENDANT: Yes, your Honor.

11 THE COURT: Count Nine of the information charges a  
12 violation of Title 18, United States Code, Section 922(g)(1).  
13 That section of Title 18 makes it an offense for a person who  
14 previously has been convicted of an offense, the penalty for  
15 which is in excess of a year, to possess knowingly a firearm or  
16 ammunition in commerce, has traveled from commerce.

17 The law provides as a maximum penalty for the offense  
18 set forth at Count Nine of the information the following:

19 A maximum term of incarceration of ten years; a  
20 maximum term of supervised release of three years; a maximum  
21 fine pursuant to Title 18, United States Code, Section 3571,  
22 the greatest of \$250,000, twice the gross pecuniary gain  
23 derived from the offense, or twice the gross pecuniary loss to  
24 persons other than yourself resulting from the offense, and a  
25 \$100 mandatory special assessment.

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1           If you are sentenced to a term of supervised release  
2 with respect to Count Nine of the information and violate the  
3 terms of supervised release such that supervised release is  
4 revoked, the consequences that I explained when reviewing Count  
5 One of the indictment with you would attend, and I shall not  
6 repeat them to you.

7           Sir, do you understand the nature of the charge made  
8 against you at Count Nine of the information?

9           THE DEFENDANT: Yes, your Honor.

10           THE COURT: Do you understand the range of penalties,  
11 including the maximum sentence, to which you're potentially  
12 exposing yourself with respect to the offense set forth at  
13 Count Nine of the information?

14           THE DEFENDANT: Yes, your Honor.

15           THE COURT: Count Ten of the information charges a  
16 violation of Title 21, United States Code, Section 846,  
17 841(a)(1), 841(b)(1)(C), and 841(b)(1)(D). The offense at  
18 Count Ten of the information is alleged to be a charge of  
19 conspiracy to possess and distribute controlled substances.

20           The law provides as a maximum penalty for the offense  
21 set forth at Count Ten of the information the following:

22           A maximum term of incarceration of 20 years; a maximum  
23 lifetime term of supervised release; a mandatory minimum term  
24 of three years of supervised release; a maximum fine pursuant  
25 to Title 21, United States Code, Section 841(b)(1)(C), and

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1 Title 18, United States Code, Section 3571, of the greatest of  
2 \$1 million, twice the gross pecuniary gain derived from the  
3 offense, or twice the gross pecuniary loss to persons other  
4 than yourself resulting from the offense, and a \$100 mandatory  
5 special assessment.

6 If you are sentenced to a term of supervised release  
7 with respect to Count Ten of the information and violate the  
8 terms of supervised release such that supervised release is  
9 revoked, the consequences that I addressed with you when I  
10 spoke about Count One of the information would befall you, and  
11 I shall not repeat them to you.

12 Sir, do you understand the nature of the charge made  
13 against you at Count Ten of the information?

14 THE DEFENDANT: Yes, your Honor.

15 THE COURT: Do you understand the range of penalties,  
16 including the maximum sentence, to which you are potentially  
17 exposing yourself by your plea of guilty to Count Ten of the  
18 information?

19 THE DEFENDANT: Yes, your Honor.

20 THE COURT: Do you understand that you have a right to  
21 plead not guilty and to persist in that plea?

22 THE DEFENDANT: Yes, your Honor.

23 THE COURT: Do you understand that you have a right to  
24 a jury trial on the charges contained in the information?

25 THE DEFENDANT: Yes, your Honor.

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1                   THE COURT: Do you understand that if you plead not  
2 guilty and go to trial, the burden would be upon the government  
3 to prove that you are guilty beyond a reasonable doubt?

4                   THE DEFENDANT: Yes, your Honor.

5                   THE COURT: Do you understand that at a trial you  
6 would be presumed innocent until the government proved your  
7 guilt beyond a reasonable doubt?

8                   THE DEFENDANT: Yes.

9                   THE COURT: Do you understand that at such a trial and  
10 at every other stage of the proceeding, you would have a right  
11 to be represented by an attorney and, if necessary, the Court  
12 would appoint an attorney to represent you?

13                  THE DEFENDANT: Yes, your Honor.

14                  THE COURT: Do you understand that at a trial you'd  
15 have the right to testify, to confront and question any  
16 witnesses who might testify against you, and the right not to  
17 be forced to incriminate yourself, that is, you do not have to  
18 be a witness against yourself?

19                  THE DEFENDANT: Yes, your Honor.

20                  THE COURT: Do you understand that at a trial you  
21 would be entitled to present evidence, to call witnesses to  
22 testify, and to compel the attendance of witnesses?

23                  THE DEFENDANT: Yes, your Honor.

24                  THE COURT: Do you understand that if you plead  
25 guilty, there will be no trial of any kind, so that you give up

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1 your trial rights, and the only remaining step will be for the  
2 assigned district judge to sentence you?

3 THE DEFENDANT: Yes, your Honor.

4 THE COURT: Sir, are you certain that you understand  
5 the nature of the charges to which you are pleading?

6 THE DEFENDANT: Yes, your Honor.

7 THE COURT: Are you certain that you understand the  
8 range of penalties, including the maximum sentence, to which  
9 you are potentially subjecting yourself by your plea?

10 THE DEFENDANT: Yes, your Honor.

11 THE COURT: Do you understand that the sentencing  
12 judge may be obligated to impose a special assessment on you?

13 THE DEFENDANT: Yes, your Honor.

14 THE COURT: Among the charges to which you are  
15 tendering a plea is one that involves controlled substances.  
16 As a result of your plea to a felony offense involving  
17 controlled substances, you may be giving up certain valuable  
18 civil rights that you possess, among them the following: The  
19 right to vote; the right to hold public office; the right to  
20 serve on a jury; the right to possess any type of firearm,  
21 including rifles and shotguns; the right to be considered for  
22 certain types of employment; the right to possess or obtain  
23 certain professional licenses; you may also become ineligible  
24 for certain federal and federally funded benefits to which  
25 otherwise you might have been eligible, including, but not

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1 limited to, food stamp benefits, education loans or grants.

2 Do you understand, sir?

3 THE DEFENDANT: Yes, your Honor.

4 THE COURT: Those matters are addressed at Title 21,  
5 United States Code, Section 862.

6 Have you and your attorney talked about how the  
7 Sentencing Commission Guidelines, which are advisory only,  
8 might apply to your case?

9 THE DEFENDANT: Yes, your Honor.

10 THE COURT: Do you understand that in determining your  
11 sentence, the sentencing judge is obligated to calculate the  
12 applicable sentencing guidelines range and possible departures  
13 under the sentencing guidelines?

14 THE DEFENDANT: Yes, your Honor.

15 THE COURT: Do you understand that in addition to the  
16 factors outlined in the Sentencing Commission Guidelines, the  
17 sentencing judge will also consider factors that are set forth  
18 at 18 U.S.C., Section 3553 in determining what an appropriate  
19 sentence might be for you?

20 THE DEFENDANT: Yes, your Honor.

21 THE COURT: Do you understand that parole has been  
22 abolished, and that if you are sentenced to prison, you will  
23 not be released on parole?

24 THE DEFENDANT: Yes, your Honor.

25 THE COURT: Do you understand that the answers you

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1 give to me today under oath may in the future be used against  
2 you in a prosecution for perjury or false statement if you do  
3 not tell the truth in court?

4 THE DEFENDANT: Yes, your Honor.

5 THE COURT: What are the elements of the offense as  
6 set forth in the information?

7 MR. ENZER: Your Honor, I'm going to take the counts  
8 out of order; I think it's easier that way.

9 So for Count Two, the substantive securities fraud  
10 count relating to a company called Centra Tech, the government  
11 would have to prove the following elements beyond a reasonable  
12 doubt:

13 First, that in connection with the purchase or sale of  
14 securities, the defendant, Mr. Trapani, made an untrue  
15 statement of a material fact or omitted to state a material  
16 fact, which made what was said under the circumstances  
17 misleading or aided and abetted the same.

18 Second, that the defendant, Mr. Trapani, acted  
19 unlawfully, knowingly, willfully, and with intent to defraud.

20 And third, that Mr. Trapani used or caused to be used  
21 any means or instruments of transportation or communication in  
22 interstate commerce or the use of the mails or any facility of  
23 any national securities exchange in furtherance of the  
24 fraudulent conduct. And I note that the term "security" is  
25 broadly defined to include, among other things, any investment

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1 contract. An investment contract exists whenever there is an  
2 investment of money in a common enterprise with a reasonable  
3 expectation of profits to be derived from the efforts of  
4 others, such as the promoter who solicited the investment.

5 For Count One, conspiracy to commit securities fraud  
6 relating to Centra Tech, the government would have to prove  
7 beyond a reasonable doubt the following elements:

8 First, that two or more people entered into an  
9 agreement or an understanding to accomplish the securities  
10 fraud scheme alleged in the superseding information.

11 Second, that Mr. Trapani intentionally joined and  
12 participated in the conspiracy during the applicable time  
13 period.

14 And third, that at least one of the members of the  
15 conspiracy committed an overt act to further some objective of  
16 the conspiracy.

17 Next, for the substantive wire fraud counts of the  
18 superseding information, which are Counts Four and Eight, the  
19 government would have to prove beyond a reasonable doubt the  
20 following elements:

21 First, that there was a scheme or artifice to defraud  
22 or obtain money or to obtain property by materially false and  
23 fraudulent pretenses, representations, or promises, as charged  
24 in the relevant count of the superseding information.

25 Second, that Mr. Trapani knowingly participated in the

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1 scheme or artifice to defraud, with knowledge of its fraudulent  
2 nature and with specific intent to defraud.

3 And third, that in the execution of the scheme,  
4 Mr. Trapani used or caused the use of interstate wires, such as  
5 communications by phone calls, cell phone text message  
6 communication, email communications, electronic trades, or  
7 other communications over the Internet.

8 Next, for the wire fraud conspiracy counts, which are  
9 Counts Three, Six, and Seven, the government would have to  
10 prove beyond a reasonable doubt the following elements:

11 First, that two or more persons entered into an  
12 agreement or an understanding to accomplish the wire fraud  
13 scheme charged in the relevant count of the superseding  
14 information.

15 And second, that Mr. Trapani knowingly and willfully  
16 became a member of that conspiracy.

17 For Count Five, obstruction of justice, the government  
18 would have to prove beyond a reasonable doubt the following  
19 elements:

20 First, that Mr. Trapani obstructed, influenced, or  
21 impeded an official proceeding, in this case, an investigation  
22 by the United States Securities and Exchange Commission's New  
23 York regional office in New York or attempted to do that.

24 And second, that Mr. Trapani acted corruptly, that is,  
25 with an improper purpose and to engage in conduct knowingly and

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1 dishonestly and with the intent to obstruct, impede, or  
2 influence the due administration of justice.

3 For Count Nine, the firearm possession count, the  
4 government would have to prove beyond a reasonable doubt,  
5 first, that during the time period from on or about February  
6 21, 2018, to on or about April 20, 2018, as specified in the  
7 superseding information, Mr. Trapani knowingly possessed a  
8 firearm.

9 Second, that Mr. Trapani knew that he had previously  
10 been convicted of a crime punishable for a term exceeding one  
11 year, in other words, a felony.

12 And third, that the firearm had traveled in interstate  
13 or foreign commerce at some point before Mr. Trapani possessed  
14 it.

15 And the last count, the narcotics conspiracy count,  
16 the government would have to prove beyond a reasonable doubt,  
17 first, that two or more people entered into an agreement or  
18 understanding to distribute illegal narcotics or to possess  
19 illegal narcotics with the intent to distribute them.

20 And second, that Mr. Trapani knowingly joined and  
21 participated in this narcotics conspiracy. The narcotics that  
22 Mr. Trapani is charged with conspiring to distribute are  
23 mixtures and substances containing detectable amounts of  
24 cocaine and heroin and prescription pills, specifically,  
25 Oxycodone, Xanax, and Suboxone pills containing detectable

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1 amount of Oxycodone, alprazolam, and buprenorphine  
2 respectively.

3 The government would also have to prove that venue is  
4 appropriate in the Southern District of New York by a  
5 preponderance of the evidence as to Counts One through Five and  
6 Seven of the superseding information.

7 As to the remaining counts, Counts Six, Eight, Nine  
8 and Ten, Mr. Trapani has agreed to waive venue as to those  
9 counts.

10 THE COURT: Thank you.

11 Having heard the elements of the offenses that are  
12 recited in information S1 18 CR 340, is it still your desire to  
13 tender a plea of guilty?

14 THE DEFENDANT: Yes, your Honor.

15 THE COURT: Sir, have any threats been made to you by  
16 anyone to influence you to plead guilty?

17 THE DEFENDANT: No, your Honor.

18 THE COURT: Have any promises been made to you  
19 concerning the sentence that you will receive?

20 THE DEFENDANT: No, your Honor.

21 THE COURT: I understand that you and your attorney  
22 and representatives of the government have reached certain  
23 agreements and understandings in connection with your tender of  
24 plea of guilty; and those agreements and understandings have  
25 been reduced to a writing, specifically, a letter dated July

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1 10, 2019, addressed to Joseph A. Bondy, your attorney. I have  
2 a copy of that document before me which I shall show you now.

3 Do you recognize the document, sir?

4 THE DEFENDANT: Yes, your Honor.

5 THE COURT: Did you have an opportunity to review it  
6 with your attorneys?

7 THE DEFENDANT: Yes, your Honor.

8 THE COURT: Is there anything contained in the  
9 document that you do not understand?

10 THE DEFENDANT: No, your Honor.

11 THE COURT: Among other things, there is text in the  
12 July 10, 2019 writing which requires you to make certain tax  
13 filings and to pay certain taxes owed.

14 Are you aware of that, sir?

15 THE DEFENDANT: Yes, your Honor.

16 THE COURT: The information S1 18 CR 340, in addition  
17 to reciting the various statutes alleged to have been violated,  
18 contains forfeiture allegations through which the government  
19 has indicated it intends to recoup the proceeds of illegal  
20 conduct described in the information from you.

21 Are you aware that the information contains forfeiture  
22 allegations, sir?

23 THE DEFENDANT: Yes, your Honor.

24 THE COURT: In the July 10, 2019 writing, there is  
25 text through which you admit the forfeiture allegations

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1 respecting Counts One through Four, Six, Eight, Nine, and Ten.

2 Are you aware of that?

3 THE DEFENDANT: Yes, your Honor.

4 THE COURT: There's also text in that same writing  
5 through which you waive venue for various counts of the  
6 information: Six, Eight, Nine, and Ten.

7 Are you aware of that?

8 THE DEFENDANT: Yes, your Honor.

9 THE COURT: There's also text in the same writing  
10 through which it is agreed that the bail conditions that were  
11 previously fixed would remain in place after today's  
12 proceeding. Are you aware of that, sir?

13 THE DEFENDANT: Yes, your Honor.

14 THE COURT: There's also text in the July 10, 2019  
15 writing about which we have been speaking that constricts your  
16 ability to appeal from or collaterally attack the Judgment of  
17 Conviction or sentence that might be imposed upon you. And  
18 that would include a sentence involving supervised release or  
19 any fines that might be part of the sentence.

20 Do you understand that, sir?

21 THE DEFENDANT: Yes, your Honor.

22 THE COURT: Let me show you the last page of the July  
23 10, 2019 writing about which we've been speaking.

24 Is your true signature on that page?

25 THE DEFENDANT: Yes, your Honor.

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1                   THE COURT: Did anyone force you to sign the document?

2                   THE DEFENDANT: No, your Honor.

3                   THE COURT: Let me turn my attention to your counsel.

4                   Again, is counsel's signature also on the last page of  
5 the document?

6                   MR. BONDY: Yes, your Honor.

7                   THE COURT: And representatives of the government also  
8 signed the last page of the document?

9                   MR. ENZER: Yes, your Honor.

10                  THE COURT: Mr. Trapani, other than the agreements and  
11 understandings that you and your attorney and representatives  
12 of the government have made and reached that are outlined in  
13 the July 10, 2019 writing about which we have been speaking,  
14 have any other agreements or understandings been made or  
15 reached with you in connection with your tender of plea of  
16 guilty to information S1 18 CR 340?

17                  THE DEFENDANT: No, your Honor.

18                  THE COURT: Sir, is your plea to the information being  
19 made voluntarily, that is, of your own free will?

20                  THE DEFENDANT: Yes, your Honor.

21                  THE COURT: Did you commit the offenses that are  
22 outlined in the information?

23                  THE DEFENDANT: Yes, your Honor.

24                  THE COURT: Would you tell me in your own words what  
25 it is that you did that makes you believe yourself guilty of

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1 the offenses outlined in the information?

2 THE DEFENDANT: All right. From about July 2017 to --

3 THE COURT: Sir, please speak slowly so that the  
4 reporter can capture everything that you want to say  
5 accurately.

6 THE DEFENDANT: Understood.

7 From about July 2017, to the beginning of 2018, I  
8 agreed with other people to raise money from investors through  
9 a white paper, social media, Internet, press releases, and  
10 other electronic communication regarding a company named Centra  
11 Tech Incorporated, allegedly for the purchase of digital tokens  
12 that were part of an initial coin offering by making fraudulent  
13 misrepresentations and omitting important facts. I personally  
14 participated in making some of these fraudulent  
15 misrepresentations and omissions. My acts included early  
16 October text messages that I sent from New York City to other  
17 people affiliated with Centra Tech regarding its operations. I  
18 knew at the time my acts were wrong and illegal.

19 Now we're going to go to Count Five.

20 In the beginning of 2018, after I had stopped being  
21 employed by Centra Tech, but knowing that the SEC's New York  
22 regional office had issued a subpoena for records relating to  
23 the initial coin offering, I destroyed my laptop computer,  
24 believing that information requested by the subpoena was  
25 contained in some of its files. I knew at the time my acts

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1 were wrong and illegal.

2 Count Six. In about 2016 to 2017, I agreed with  
3 another person to make false statements via the Internet and  
4 phone to online mobile payment system Venmo to obtain money. I  
5 knew at the time my acts were wrong and illegal. Although this  
6 conduct occurred outside of the Southern District of New York,  
7 I agree to waive the defense of venue for this count.

8 Count Seven. I agreed to assist a person in  
9 connection with his plan to obtain funds that were borrowed  
10 against the credit of various members of my extended family.  
11 Based on fraudulent misrepresentations and omitting important  
12 facts, the plan included one of my co-conspirators making  
13 computer searches from their office in the Southern District of  
14 New York. I knew at the time my acts were wrong and illegal.

15 Count Eight. From about 2014 to 2017, I obtained  
16 various credit cards and avoided repayment of various lenders  
17 for credit card charges, debit card charges, and cash advances  
18 by making false statements by phone and Internet. I knew at  
19 the time my acts were wrong and illegal. Although this conduct  
20 did not occur in the Southern District of New York, I agree to  
21 waive defense of venue for this count.

22 For Count Nine, from February to April 2018, I  
23 knowingly possessed a handgun, knowing that I had previously  
24 been convicted of a felony offense. Although this conduct  
25 occurred in Florida, I agree to waive the defense of venue for

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1 this count.

2                   For Count Ten, from 2009 to 2012, I agreed with others  
3 to possess with intent to sell illegal drugs. I knew at the  
4 time my acts were wrong and illegal. Although this conduct  
5 occurred in the Eastern District of New York, I agree to waive  
6 the defense of venue. And even though it occurred over five  
7 years before being charged, I agree to waive the defense of  
8 statute of limitations for this count. And in regards to the  
9 forfeiture, I also agree that I will have to forfeit property  
10 in this case, including my gun and all property that I  
11 personally received or obtained through the crimes that I am  
12 pleading guilty to today.

13                   THE COURT: When you indicated at the beginning of  
14 your statement from July 2017 to 2018 you agreed to raise money  
15 from investors through electronic communications, that you did  
16 that activity from New York City, where in New York City did  
17 you engage in that activity that you were discussing, sir?

18                   THE DEFENDANT: There was a period of time where I  
19 actually had court for a case in the state court near here.  
20 And I was sending text messages to other codefendants or  
21 co-conspirators in regards to the fraud.

22                   MR. ENZER: New York County, New York, Judge.

23                   THE COURT: When you say that you were in a court near  
24 here, when you say "near here," where is it that you're  
25 referencing?

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1                   THE DEFENDANT: It's 100 Centre Street, New York, New  
2 York.

3                   THE COURT: Thank you.

4                   Any questions that the government would have me put to  
5 Mr. Trapani?

6                   MR. ENZER: No questions, your Honor.

7                   I have a few facts to proffer at an appropriate time.

8                   THE COURT: Mr. Trapani, I'm going to turn my  
9 attention to your counsel again.

10                  Is there any reason defense counsel knows of why  
11 Mr. Trapani should not plead guilty to the information?

12                  MR. BONDY: No, your Honor.

13                  THE COURT: Is there any reason the government is  
14 aware of why Mr. Trapani should not plead guilty to the  
15 information?

16                  MR. ENZER: No, your Honor.

17                  THE COURT: If the matter would proceed to trial, what  
18 evidence would the government offer in support of the charges  
19 made from the information?

20                  MR. ENZER: Your Honor, the government incorporates by  
21 reference the criminal complaint against Mr. Trapani which is  
22 marked 18 MJ 3271, the facts set forth therein, and also the  
23 indictment 18 CR 340, which have a detailed recitation of the  
24 evidence, or at least some of it, for Counts One through Four.

25                  To summarize, the government would offer witness

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1 testimony and documents establishing for Counts One through  
2 Four that Mr. Trapani and other co-conspirators who founded a  
3 company called Centra Tech raised millions of dollars from  
4 investors through an initial coin offering based on fraudulent  
5 and misleading representations about the company, about its  
6 executive team, about partnerships it had, about licenses it  
7 had; that those fraudulent statements were made in, among other  
8 places, white papers and other documents which the government  
9 would offer at a trial as evidence of the misrepresentations.

10 There would be victim testimony that in reliance on  
11 those and other false representations, investors, in fact,  
12 provided money to purchase digital tokens issued by Centra  
13 Tech. There would be documentary evidence, including emails  
14 and cell phone communications, between and among Mr. Trapani  
15 and his co-conspirators establishing their knowledge of the  
16 fraudulent scheme, their intent, and the fact that they were  
17 aware and willfully participated in the scheme and made  
18 fraudulent representations. That and other evidence as laid  
19 out in the complaint and the charging documents would be used  
20 to establish guilt on Counts One through Four.

21 Counts Five through Ten are based upon statements that  
22 Mr. Trapani has made to law enforcement, and that is the only  
23 evidence that the government has for Five through Ten.

24 THE COURT: Can you communicate to me in a general way  
25 what those statements are that you say Mr. Trapani made with

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1 respect to Counts Five through Ten of the information?

2 MR. ENZER: Your Honor, in substance, Mr. Trapani told  
3 the government in substance and in part essentially what he has  
4 allocuted for Five through Ten.

5 THE COURT: Thank you.

6 MR. ENZER: And, your Honor, if this is an appropriate  
7 time, I can proffer a few facts that are necessary for  
8 interstate commerce and venue.

9 THE COURT: All right.

10 MR. ENZER: So based on the facts that are  
11 incorporated from the charging documents that I referenced, the  
12 government proffers that the digital tokens that Mr. Trapani  
13 and his co-conspirators offered to Centra Tech investors in  
14 exchange for funds raised from investors in the initial coin  
15 offering constituted securities under the federal securities  
16 laws.

17 Among other things, in soliciting investments,  
18 Mr. Trapani and his co-conspirators caused Centra Tech to make  
19 representations to investors that would have prompted a  
20 reasonable investor to believe that by purchasing a digital  
21 token, he was investing in a common enterprise with a  
22 reasonable expectation of profits to be derived from the  
23 efforts of Centra Tech's cofounders, including Mr. Trapani and  
24 his co-conspirators.

25 The government also proffers that victims who were

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1 investors based in New York who were solicited in New York via  
2 the Internet invested from New York in the initial coin  
3 offering, and that other acts that are set forth in the  
4 charging documents occurred in New York during and in  
5 furtherance of the conspiracy by one or more members of the  
6 conspiracy.

7 For purposes of Count Five, the obstruction count, the  
8 government proffers that the Securities and Exchange  
9 Commission's New York regional office, which is located in New  
10 York, New York, issued the subpoena to which Mr. Trapani failed  
11 to respond and, instead, destroyed a laptop that was called for  
12 by the subpoena.

13 And for Count Nine, the firearms count, the government  
14 proffers that the firearm in question, which was a Glock, was  
15 manufactured outside of the State of Florida, where it was  
16 seized and, thus, traveled in interstate or foreign commerce at  
17 some point before Mr. Trapani possessed it in Florida.

18 THE COURT: I'm satisfied that the defendant  
19 understands the nature of the charges made against him through  
20 information S1 18 CR 340. I'm also satisfied that he  
21 understands the consequences of the plea of guilty. I'm  
22 satisfied that the plea is being made voluntarily and knowingly  
23 and that there is a factual basis for the plea. So I shall  
24 report and recommend to the assigned district judge that the  
25 plea be accepted.

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1           It is my understanding that no date for sentence has  
2 been fixed by the assigned district judge; is that correct?

3           MR. ENZER: That's correct, your Honor.

4           THE COURT: I'll fix a date and direct the parties to  
5 contact the assigned district judge to see if that date is  
6 convenient for a sentencing proceeding.

7           November 18, 2019. I'll direct that a presentence  
8 report be prepared prior to the date of sentence. I shall also  
9 direct the government to obtain a transcript of the minutes  
10 made during this proceeding and present same to the assigned  
11 district judge before the date of sentence.

12           MR. ENZER: Your Honor, we will order the transcript  
13 for immediate delivery.

14           Because of the nature of this agreement, we would ask  
15 that the presentence report not be ordered at this time and  
16 that the date for sentencing be merely a control date.

17           THE COURT: As I indicated to you, you can contact the  
18 assigned district judge. And if that date is not convenient or  
19 if the parties want to propose a different date, the assigned  
20 district judge will entertain that, I'm certain.

21           MR. ENZER: Okay.

22           THE COURT: I'll turn to the defendant's counsel with  
23 respect to the request that no presentence report be ordered at  
24 this time. What is defendant's position on that application?

25           MR. BONDY: Your Honor, we join in that application.

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1                   THE COURT: The application is granted.

2                   As I indicated earlier, I understood that there would  
3 be no application to change bail conditions, and so the bail  
4 conditions that were previously fixed will remain in place.

5                   Is there anything else that we need to address this  
6 morning?

7                   MR. ENZER: Nothing further from the government.

8                   Thank you, your Honor.

9                   MR. BONDY: Nothing from us, your Honor.

10                   Thank you very much.

11                   THE COURT: You're welcome. Good day.

12                   THE DEFENDANT: Thank you, your Honor.

13                   THE COURT: You're welcome.

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